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CLERK
U.S. BANKRUPTCY CT.
SO DIST. OF CALIF.

8 UNITED STATES BANKRUPTCY COURT
9 SOUTHERN DISTRICT OF CALIFORNIA

10 In Re:)	Case No. 08-10753-LA11
)	RS No. PD-3
)	
11 TESLA GRAY,)	Chapter 11
)	
12 Debtor)	DECLARATION OF RAY GRAY
)	IN OPPOSITION TO
)	MOTION FOR RELIEF FROM STAY
)	BY US BANK, N.A. AS TRUSTEE
)	FOR CCB LIBOR SERIES 2004-B
)	TRUST
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US BANK , N.A. AS TRUSTEE FOR
CCB LIBOR SERIES 2004-B TRUST,
Movant,
vs.
TESLA GRAY,
Respondent

Date: February 3, 2010
Time: 10:30 a.m.
Dept: Two (Room 118)

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1 Ray Gray declares:

2 1. I am over the age of 18. I am the father of Tesla Gray, the Debtor in this
3 proceeding. I also manage the Debtor's real estate investments, including the property
4 located at 36211 Pala Del Norte, Fallbrook, CA 92003 (the "Property"). I am personally
5 acquainted with the Property, having negotiated the Debtor's purchase of it and having
6 managed the Property on the Debtor's behalf since she acquired it.

7 2. I have been in the real estate business as my primary occupation for more
8 than 35 years. During that time, I have bought and sold both undeveloped and developed
9 residential and commercial real properties; acquired undeveloped land, obtained
10 development entitlements and then sold to builders; acquired existing properties,
11 including single-family residences such as the Property, remodeled and sold them, among
12 other aspects of the real estate business. I am very conversant with evaluating the market
13 value of real estate, such as the Property, using comparable sales and listings since I have
14 been doing that for over 35 years, to make investment decisions on my own behalf and
15 for others, including the Debtor.

16 3. The Property that is the subject of this motion consists of 109 acres
17 improved with a 3 bedroom, 2 bath, 2650 square foot single family residence. Based on
18 my 35 years of experience in real estate development and investment, in my opinion the
19 value of the Property is, at minimum, \$ 4,150,000. My opinion is based upon the
20 following factors.

21 a. There are major development projects underway on contiguous properties.
22 To the south, San Diego Gas and Electric is constructing a large Energy Plant. The
23 contiguous property east of the subject Property is in the planning stages for a residential
24 development of approximately 700 units. The Pala Casino and Resort is located just one-
25 half mile east of the Property and can be seen from the Property. There are four other
26 casinos further to the east. Traffic has increased tremendously and Highway 76 has been
27
28

1 widened from Highway 15 for several miles with additional widening under construction,
2 past the subject property.

3 b. The Property is located on Highway 76, which is a very high traffic area.
4 CalTrans is widening the section of Highway 76 on which the Property fronts. SDG&E
5 is bringing a gas line up Highway 76. The adjacent Warner subdivision project is
6 bringing a sewer line up Highway 76 past the subject Property which can be accessed for
7 development of the Property. All of these ongoing improvements significantly add to the
8 value of the Property for future industrial, commercial or residential development.

9 c. The Property also is valuable as part of the San Diego Association of
10 Government's (SANDAG) Environmental Mitigation Program. This \$800 Million
11 program is dedicated to acquiring land to be preserved in its natural state as
12 environmental mitigation for other development projects. Since 2008, it has spent or
13 coordinated the investment of \$31.5 Million to acquire approximately 824 acres of land,
14 which equates to \$38,228 per acre.

15 4. The Competitive Market Analysis ("CMA") attached to Movant's motion
16 uses property that is not at all comparable to the subject Property. In all instances, the
17 properties that the CMA uses are very rural, do not have immediate highway access, are
18 not suitable for industrial, commercial or residential development, will not for many
19 years to come have sewer or natural gas available for development. Additionally, all of
20 the so-called comparables are east and north of the subject property and are more
21 associated with Riverside County than San Diego County (even though they are
22 technically in San Diego County).

23 5. My opinion of value is not based on industrial or commercial development,
24 which the Property is indeed suitable for, but instead on the value of the Property for
25 environmental mitigation/conservancy purposes. I have used that criteria as the basis for
26 my opinion because it does not require consideration of any future impacts or
27 assumptions. It can be measured as the present "as-is" value of the Property for that
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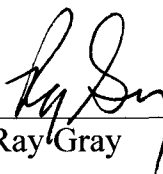
1 purpose based on actual sales which have recently occurred in the vicinity of the
2 Property. At the average price of \$38,228 an acre paid or offered recently for similar
3 properties, the value of subject Property is \$ 4,150,000 in its present condition.
4 For instance, an entity I own has an offer pending for its property in the same area at
5 \$49,000 an acre.

6 6. The Debtor's Schedule D lists a Deed of Trust on the subject Property in
7 favor of Desert Funding, Inc., in the amount of \$6,500,000.00. That deed of trust was
8 given as part of a settlement agreement the Debtor, among others, entered into after the
9 Involuntary Petition had been filed in this matter. As such, the Debtor believes the
10 settlement agreement, and the resulting trust deed, are invalid since they were entered
11 into without Court permission or approval. Desert Funding, Inc. has informally
12 acknowledged that the settlement agreement and deed of trust are not valid as to the
13 Debtor for that reason.

14 The foregoing is my personal knowledge. I could and would so testify if called as
15 a witness.

16 Signed on January 25, 2010, at San Diego, California.

17 I declare under penalty of perjury under the laws of the United States of America
18 that the foregoing is true and correct.

19
20
21 
Ray Gray

In Re: TESLA GRAY debtor.

**United States Bankruptcy Court Southern Dist. California No.: 08-10753-LA11
RS No. PD-3**

PROOF OF SERVICE

I am over the age of 18 years and am not a party to the within action or proceeding. My business address is 550 West C Street, Suite 1850, San Diego, CA 92101.

On January 25, 2010, I served the following documents:

DECLARATION OF RAY GRAY IN OPPOSITION TO MOTION FOR
RELIEF FROM STAY BY US BANK, N.A. AS TRUSTEE FOR CCB LIBOR SERIES
2004-B TRUST

on the following interested parties in this action:

Erin L Laney, Esq.

Pite Duncan, LLP

4375 Jutland Drive, Suite 200

San Diego, CA 92117-0933

Gary B. Rudolph, Esq.

Rudolph Law Firm

864 Grand Avenue – Box 433

San Diego, CA 92109

United States Trustee

Department Of Justice

402 West Broadway Suite 600

San Diego, CA 92101

X (By Mail) I caused such envelope with postage thereon, fully prepaid, to be placed in the United States mail.

(By Personal Service) I caused such envelope to be delivered by hand to the offices of the addressee.


(By E-mail) I sent said document by e-mail to:

(By Federal Express/Express Mail) I caused said document to be sent via Federal Express / Express Mail for next business day delivery.

(By Fax) I faxed the documents to

Signed on January 25, 2010, at San Diego, California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.



Bryce Armendariz